

BEFORE THE
POSTAL REGULATORY COMMISSION
WASHINGTON, D.C. 20268-0001

SECTION 407 INQUIRY

Docket No. PI2012-1

**COMMENTS BY THE INTERNATIONAL MAILERS' ADVISORY GROUP
ON INTERNATIONAL MAIL PROPOSALS
August 27, 2012**

The International Mailers' Advisory Group (IMAG) is responding to the *Federal Register* notice published by Postal Regulatory Commission on August 6, 2012 (27 Fed. Reg. 46772), establishing a public inquiry to receive comments on certain international mail proposals under consideration in connection with the upcoming Congress of the Universal Postal Union (UPU). The notice established Order No. 1420, Docket No. PI2012-1. IMAG requests that these comments be considered as part of that docket, and as the Commission considers how to advise the Secretary of State on the relevant international mail proposals, including those pertinent to terminal dues.

IMAG was founded in 1997 and, since then, has become the premier representative of the U.S. international mailing sector. Our core mission is to address barriers to the efficient flow of information and goods across borders for those companies utilizing postal services. We have been active at the UPU for many years, having participated in the deliberations of the High-Level Group on the integration of private stakeholders into the UPU, and on the Consultative Committee since its

inception.

IMAG represents a diverse community of organizations providing a wide range of international mailing services.¹ Many IMAG members are significant users of services provided by the U.S. Postal Service (USPS), such as International Priority Airmail (IPA), International Surface Air Lift (ISAL), and M-bags. Prices on these services are significantly influenced by the terminal dues rates established by the UPU.

IMAG members met on August 16, 2012, and discussed with USPS various terminal dues proposals for the upcoming UPU Congress. Based on that meeting, it is our understanding that the UPU Postal Operations Council (POC) and Council of Administration (CA) are submitting to Congress a proposal representing the consensus of their members, as developed through extensive consultations over the past four years. The proposal would increase terminal dues at relatively modest rates (ranging from roughly 3 to 5 percent per year), and would set both a cap and a floor on the rates. We further understand there are other proposals to the Congress that would remove the terminal dues cap and permit considerably greater price fluctuations.

IMAG members operate their businesses in a very difficult global market, where demand for mailing services is under extreme pressure and where competition for business is fierce. Under these conditions, we would prefer to see no price increases at

¹ IMAG's current members are: APC Postal Logistics, the Association for Postal Commerce, Arandell Corporation, Brokers Worldwide, Champion Worldwide, Data Services, DHL Global Mail, DirectLink, Experian, FedEx International Marketing, FedEx SmartPost, Globegistics, ID Mail Systems, International Delivery Solutions, International Mail Services, MSI Worldwide Mail, Market Response

all. However, if price increases are unavoidable, it is imperative that they be reasonable, predictable, and transparent. IMAG therefore supports initiatives, such as the consensus proposal from the POC and CA, that would establish a schedule of modest price increases for the upcoming four-year UPU cycle.

Additionally, IMAG members are concerned that proposals to eliminate the terminal dues cap would result in precipitous price increases, which would jeopardize our businesses. IMAG members operate on razor-thin margins, and our customers are highly price sensitive. Sharp increases in price could have a devastating impact on IMAG members' business. We ask the Commission to be mindful of this potential impact in formulating its advice to the State Department.

IMAG appreciates the opportunity to comment on this important subject.

Respectfully submitted,

International Mailers' Advisory Group

Susan M. Presti
Executive Director
6309 Beachway Drive
Falls Church, VA 22044